

Good news for TCRS members



Steve Adams
State Treasurer

TCRS remains financially sound

Despite the stock market losing 18%, TCRS had a relatively good year with a loss of only 1.6%, while the average public pension plan lost more than 5.2%. The well diversified, risk-adverse portfolio of TCRS prevented any significant erosion of the fund.

The Legislature, the Board of Trustees and the TCRS staff have worked diligently to provide the best possible management of the system, to invest the system assets in a prudent manner without undue risk, to fund the system on an actuarially strong basis, and to provide the best possible services to TCRS retirees. At a time when many private sector employees are facing declining retirement benefits, we are pleased to be able to ensure the security of your government pension.

Purchasing prior service made easier

If you have prior service you want to buy in the TCRS, the new tax law makes paying for it much easier. Effective this year, TCRS may accept prior service purchase transfers from 401(k) plans, governmental 457 plans in Tennessee, 403(b) plans, or traditional IRAs.

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Review service before retiring

Sick leave

If you are a state employee or teacher, every day of unused sick leave you have at retirement is reported to TCRS and then added to all your other service to determine your total months of service credit. Sick leave credit is optional for local governments. After adding together all your service, including sick leave credit, TCRS rounds the total one time, so no one ever gains or loses more than a half month of service credit. Therefore, even a few days of unused sick leave could make a difference in your benefit.

Since there is no limit on the amount of sick leave you may accrue, it is possible to accrue enough leave to add a year or more of service credit toward retirement. Every 20 days of unused sick leave converts to at least one month of retirement credit.

Partial years of service

Although school systems sometimes round a partial year of teaching into a full year of credit for determining experience-based pay steps, TCRS only counts actual service for retirement purposes.

Service review

Be sure to examine your service credit closely before setting your retirement date. Your annual TCRS statement provides a summary of your service and salary history. Careful review of the statement can prevent problems at retirement.

TCRS provides disability benefits

TCRS provides benefits for Service Retirement, Early Retirement, 25-Year Early Retirement, Disability Retirement, or Survivor Benefits.

There are three types of disability benefit plans: ordinary, accidental, and inactive. While some requirements differ, under all types, benefits are paid only to members who are unable to work due to a total and permanent disability that can be medically determined. Whether the disability is physical or mental, it must prevent any substantial gainful employment.

For ordinary and inactive disability benefits, a member must have at

least five years of service. There are no service requirements for accidental disability; however, the disability must be the result of an on-the-job accident. For accidental disability benefits, a member must apply within two years of the date of the accident or within one year of the member's last paid day of employment, whichever is later. If you seek workers' compensation benefits, you are not required to delay filing with TCRS while that claim is being processed. Delayed filing with TCRS beyond 150 days from the last day of paid employment could be costly to you since a

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What you need to know in a divorce

If you ever need to divide your property in a divorce, encourage your attorney to contact the TCRS Benefits Office *before* beginning property settlement arrangements. Attorneys are sometimes not aware of the different rules that apply to public pension plans, and wrongly assume they can simply assign benefits from the plan to a member's ex-spouse. This can result in delays and additional court costs.

The assets in the Tennessee Consolidated Retirement System 401(a) trust are exempt from execution, attachment, garnishment, or other process, except levies issued by the Internal Revenue Service, orders for child support, and a few other limited circumstances. Government plans are not subject to ERISA, the law that governs private pension plans, so funds from the plan cannot be paid directly to an ex-spouse by the plan pursuant to a divorce decree.

Although benefits cannot be paid to an ex-spouse of a member upon a divorce, vested benefits earned during the marriage are considered marital property under Tennessee law, and the value of the member's benefit is normally considered when property is being divided. This means the member's ex-spouse may obtain his or her portion of the retirement value from other marital assets or directly from the member at the time the member receives the retirement benefits.

The TCRS Counseling Office will determine the benefit accrued during a marriage if contacted by a member's attorney.

Knowing these rules on the front end can help the process go more smoothly and avoid unnecessary delays. Refer to *Tennessee Code Annotated* Sections 26-2-105 and 8-36-111 for additional information.

Good news for TCRS members

Purchasing prior service made easier *(continued from front)*

There's even more good news. You may now make that transfer while you are still working, as long as the money will be used immediately to complete your prior service purchase in TCRS. If you choose to use the TCRS installment plan to purchase prior service, a rollover can be used to pay off the installment balance, but it cannot be used as a down payment to start an installment plan.

Steps to purchase prior service

- Obtain a current prior service billing statement from TCRS.
- Complete Part I of the *Application for Acceptance of Transfer or Rollover Funds*
- Send the form to your transferring plan sponsor to complete Part II. If you are requesting transfers to TCRS from more than one plan, each transferring plan must complete Part II. (Also send TCRS a copy of Part I to stop interest accruals.)
- Complete the withdrawal request forms required by your other plan for transferring funds. If you are requesting an in-service transfer from another state-sponsored plan, you will need to send them a copy of your TCRS prior service billing invoice along with your completed withdrawal request form.
- If the rollover(s) will not fund the entire cost, TCRS will send you a payoff billing letter to be returned with a personal check to cover the remaining balance.

Prior service publications and forms are available on the TCRS Internet site at www.treasury.state.tn.us/tcrs.

Temporary employment after retirement

Many retired TCRS members discover they would like to go back to work. The provisions for temporary employment without suspension of TCRS benefits are as follows:

- After being retired for at least 60 days, a retiree may be re-employed on a temporary basis within a 12 month period for the equivalent of up to 100 days or, if teaching at a higher education institution, the retiree may teach up to 15 semester hours or 21 quarter hours for technology centers.
- The 60-day period may be waived provided the member renders no more than one-half of the hours he or she was normally scheduled to work prior to retirement for a like period and the head of the employing entity certifies in writing to the division of retirement that no other qualified persons are available to fill the position. Once retired for more than 60 days, the remaining time may be allocated at full-time or used over the one year period.
- Beginning July 1, 2002, compensation for the work cannot exceed half of the retiree's final year's salary plus 5% compounded annually since retirement.
- Disability retirees are limited to the number of days worked, salary limit, and disability earnings limit. The earnings limit for 2002 is \$780 per month.
- Retirees who exceed 100 days of work, teach more than the higher education instruction limits, or are paid in excess of the compensation caps will be subject to suspension of benefits.

The temporary employment form and additional information is available on the TCRS Internet site at www.treasury.state.tn.us/tcrs.

Meet the new board members

Florestine Evans was appointed by the Tennessee Education Association to serve a three year term as the West Tennessee teacher representative. Evans replaces Philip Spence.

Governor Sundquist appointed Leonard Bradley to serve a two year term as the retiree representative. Bradley replaces Betty Long.

TCRS provides disability benefits *(continued from front)*

benefit application can only be backdated 150 days. No time period is required to apply for ordinary disability benefits. However, at the time of application, the member must show that the eligible disabling condition existed at and since the date of the member's separation from service. Inactive disability, which is the actuarial equivalent of the age 55 benefit, is available to members who are not in service with a TCRS employer at the point the total disability occurs.

To apply for benefits, the member must complete an *Application for Disability Retirement* along with a *Statement of Disability, Vocational History, and Attending Physicians Report*. Medical records documenting the disability must also be furnished. Applications may be accepted up to 150 days prior to the date of retirement. All disability retirement applications are subject to approval by the TCRS medical panel.

Additional information on disability retirement and forms may be obtained from the TCRS Internet site at www.treasury.state.tn.us/tcrs. TCRS disability counselors are also available at 615-741-1971 or 1-800-770-8277.

Contact TCRS

TCRS has an automated system on its toll-free number: 1-800-770-8277. If calling from Davidson or the surrounding counties, the automated system can be accessed locally by dialing 253-2513.

Direct Telephone Numbers

Account Services: 615-741-5588
Counseling: 615-741-1971
Benefits/Prior Service: 615-741-4868
Refunds: 615-741-4925

Mail

TCRS
10th Floor Andrew Jackson Building
Nashville, Tennessee 37243-0230

E-mail

TCRS.Counseling@state.tn.us
TCRS.Member-Services@state.tn.us

Internet

www.treasury.state.tn.us/tcrs

Notice for members of Prior Class B and C

Prior Class B teachers, Class B local teachers, Prior Class B state employees, and Class C members who choose to work past the service retirement eligibility date of the superseded system may elect to stop making contributions to TCRS.

Making this election will have no adverse effect on future retirement benefits. Members will continue receiving service and salary credit after filing elections.

Prior Class B teachers and Class B local teachers may file elections with TCRS to stop making contributions to TCRS when they attain age 60 and complete 35 years of service. Prior Class B state employees may file elections with TCRS to stop making contributions to TCRS when they attain age 60 and complete 20 years of service or after 30 years of service regardless of age. Prior Class C state police officers may elect to stop making contributions when they attain 25 years of service.

For local teachers, this election has no effect on their obligation to continue contributing to their local system; however, it will increase their TCRS benefit at retirement. Class B local teachers began teaching prior to July 1, 1972 and participate in the Knoxville, Chattanooga, Hamilton County, Metro Nashville, Jackson or Memphis local retirement system.

Election forms and further information may be obtained from the TCRS Account Services section.

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